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## Condo Smarts

Headline: Fair allocation of costs

Topic: Types

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**Dear Tony:** Our strata consist of both apartment buildings and townhouses. We have a fire safety service agreement which involves annual inspections and testing of our safety systems. It does not include the townhouses because they are separated from our 2 apartment buildings. We have not created separate sections for maintenance and operations, but the townhouses are refusing to pay for the fire safety servicing as they do not gain any benefit from this. We also have items such as elevators and underground parking which only benefit the apartments and exclude the townhouses. We considered creating sections but the additional administration and meetings is not worth the cost or effort. Can we just separate the costs through a bylaw?

*EJ Roberts*

**Dear EJ:** The *Strata Property Act* permits a variation of cost allocations known as types. When you create a types bylaw a few conditions must be met, but it does not require the creation of sections. You have 2 types of dwellings identified on your strata plan, the apartments, and townhouses. Under a type's bylaw, the corporation can allocate the exclusive operating expenses to only that type which has the benefit.

The term exclusive is not the segregation of cost on a contract or a newly created formula in the bylaws. For example, if only the apartment residents use the elevators, and there is an elevator service agreement solely for those units, the annual operating service agreement for the apartments can be allocated by type solely to the apartments. You may even have a types application within the same building. There are strata corporations where every unit has its own hot water tank, and only the penthouse units have gas for fireplaces and gas stoves. If the gas is exclusive to the

penthouse units, they could also be a type of expense that qualifies.

Your fire service agreement is also a potential type of strata lot; however, if the townhouse units have heat detectors that are monitored through the central systems of your strata corporation, the fire safety systems are not an exclusive expense and would not qualify as a type of strata lot. A types bylaw has been a successful option for strata corporations with varying uses, without the need to create sections, but it is important to remember that under a types bylaw only exclusive operating expenses can be segregated. The replacement of the elevators or fire safety systems are a cost of the corporation that is not part of the operating budget and everyone pays according to their unit entitlement.